

SAVING THE NATIONAL ENDOWMENT FOR THE ARTS: WHY PUBLICLY
FUNDED ART SERVES AS A PUBLIC GOOD

by
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ABSTRACT

The presented body of work explores the history and need for the National Endowment of the Arts. The NEA has consistently represented only about 0.015% (one one-hundredth of one percent) of the federal budget since its creation in 1965. With the NEA at risk for elimination, this leaves the nonprofit arts sector, from schools to museums to local theatres, with much uncertainty. The proposal presents a way to not only including the federal budget for the NEA in the coming year, but expand the funding by 60%, or \$93 million. This will involve the creation of a new granting agency called the United States Arts Fund for Arts and Culture, which will be funded by revenue generated from the U.S. Media and Entertainment Industry. This endowment would be set aside strictly for state and local art agencies and would be replenished every ten years. In order to reach the goal of providing \$4 million to each state art agency in 2022, approximately 0.35% of revenue from the Media and Entertainment Industry, or \$2.48 billion, will need to be contributed to the endowment once every ten years. This equates to a microscopic \$248 million of revenue set aside per year. Based on the analyses presented, a conclusion was reached to recommend the aforementioned proposal. The proposal would bring guaranteed federal funding to the NEA, and would cost the for-profit Media and Entertainment Industry a miniscule amount of its revenue every ten years. The NEA, created with the intent to be the nation's cultural leader, has not been given enough resources over time to do more than influence the range of possible outcomes, and is not currently in the position to set cultural policy or dramatically restructure the distribution of arts support in the United States. With the enactment of the outlined proposal, the NEA will be given this opportunity, and public art will continue to be available to low-

income and rural communities, in both classrooms, as well as within the local economy through museums, theatres, and cultural centers.

Academic Advisor: Paul Weinstein

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Table 1: Total NEA Funding, 1966-2016

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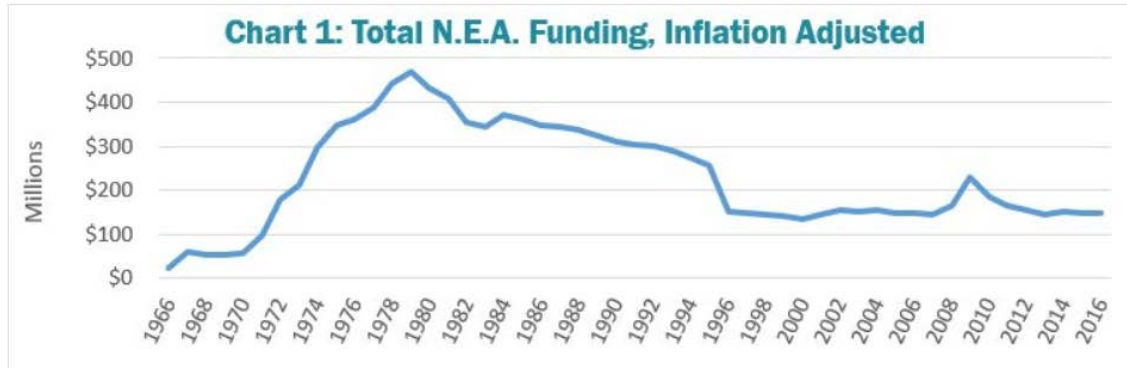


Table 2: U.S. Congressional NEA Reauthorization Floor Votes, 1966-1986

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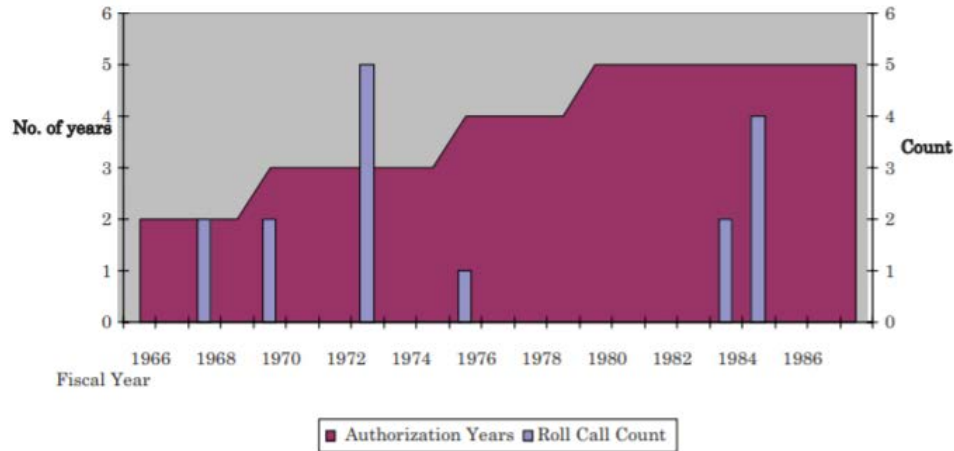


Figure 1: Selected Policy Changes to Direct Federal Support for the Arts, 1990-1996

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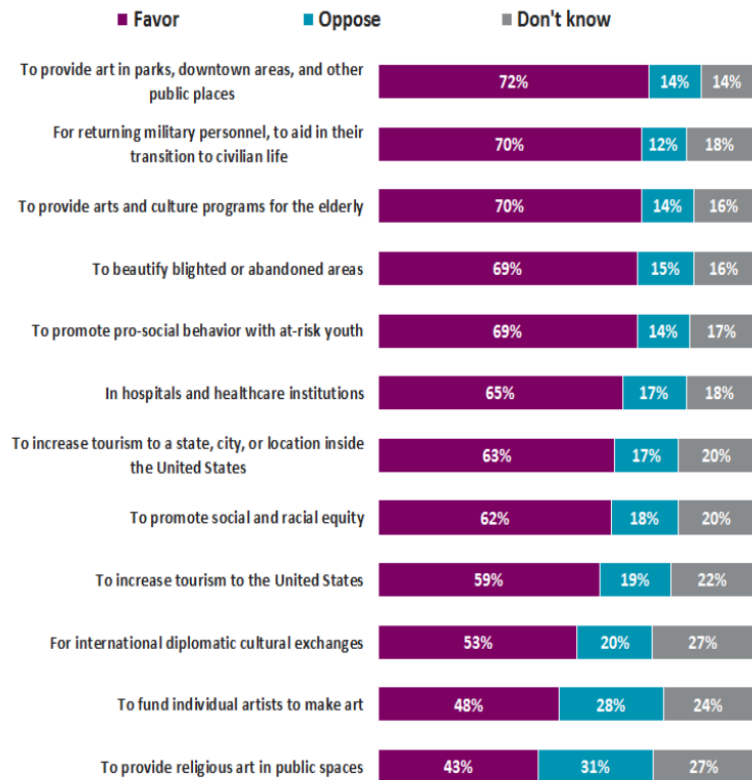
Selected Policy Changes to Direct Support for the Arts (1990–1996)		
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Figure 2: Taxable Purchases under Ontario Harmonized Sales Tax, 2019
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Memberships, entertainment and sports equipment

	HST Taxable	Tax Status for First Nations
Admissions to professional sporting events	13%	13%
Movie tickets	13%	13%
Tickets for live theatre ¹⁵	13%	13%
Music lessons	No HST	No HST
Ballet, karate, trampoline, hockey, soccer lessons, etc. ¹⁶	13%	13%
Skis and snowboards	13%	5%
Hockey equipment	13%	5%
Golf clubs	13%	5%
Green fees for golf	13%	13%
Gym and athletic membership fees	13%	13%

Figure 3: U.S. Citizen Response to 2016 Poll Question: “Do You Favor or Oppose the Government Funding the Arts for the Following Purposes?”
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MEMORANDUM FOR UNITED STATES SENATOR ELIZABETH WARREN

DATE: September 10, 2019

FROM: Annie Chimienti

SUBJECT: President Trump's proposed elimination of the National Endowment for the Arts

I. Action-Forcing Event

In what has become an annual occurrence since his presidency, Donald Trump recently proposed the complete elimination of the National Endowment for the Arts (NEA) and National Endowment for the Humanities (NEH), altogether removing federal funding for the arts and humanities, public radio and television, libraries, and museums.¹

II. Statement of the Problem

The National Endowment for the Arts (NEA), in the 53 years of its existence, reached its peak federal budget amount in 1993 at approximately \$176 million.² The budgeted amount for the NEA continued to decline until 2002, and has yet to reach its peak level that was achieved in 1993.³ The NEA has consistently represented only about 0.015% (one one-hundredth of one percent) of the federal budget since its existence.⁴ Recent announcements by President Trump for the third year in a row calling for the complete elimination of both the National Endowment of the Arts and

¹ Peggy McGlone, "For Third Year in a Row, Trump's Budget Plan Eliminates Arts, Public TV, and Library Funding," *Washington Post*, March 18, 2019.

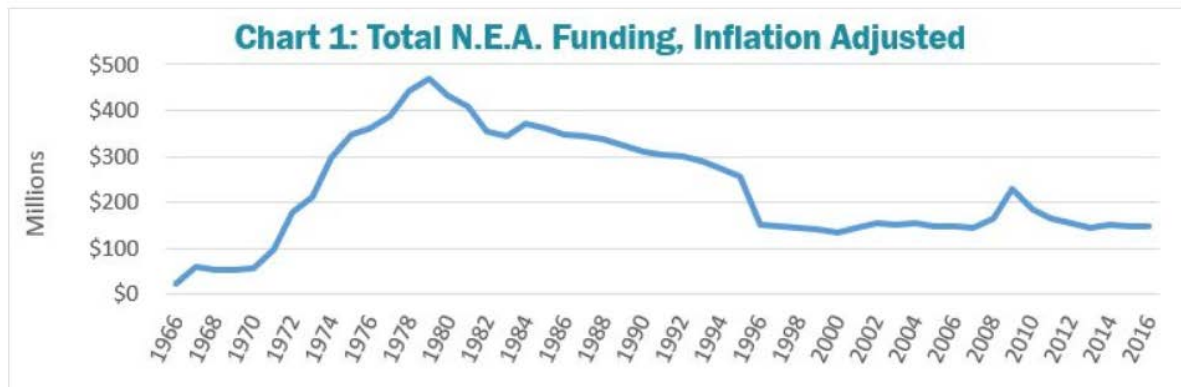
² "National Endowment for the Arts Appropriations History," *National Endowment for the Arts*, 2019.

³ "National Endowment for the Arts Appropriations History," *National Endowment for the Arts*, 2019.

⁴ Naomi Adiv, "Goodbye to the National Endowment for the Arts?," *The Arts Journal*, February 7, 2018.

Humanities, leave local, regional, and state arts agencies (SAAs) presented with an uncertain future for the state of the arts and humanities sector. Amounts received by SAAs constitute at minimum 40% of what is given to the NEA, not counting millions of dollars of grants, 65% of which are given to small and medium sized organizations.⁵ Local arts organizations, whose historic goal often has been to break even at the end of each fiscal year, in the midst of this uncertainty, are looking for more ways to bolster their cash reserves and build their endowments.

Table 1:



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The NEA, created with the intent to be the nation’s cultural leader, has not been given enough resources over time to do more than influence the range of possible outcomes, and it is not currently in the position to set cultural policy or dramatically restructure the distribution of arts support in the United States.⁷ At the same time,

⁵ Felicia Knight, “The Ultimate Calamity Scenario in U.S. Arts Funding: Eliminating the National Endowment for the Arts,” *Cultural Trends* 26, no. 4 (2017): 342.

⁶ Adam Forman, “Culture Shock: The Importance of National Arts Funding to New York City’s Cultural Landscape,” *New York City Comptroller*, March 9, 2017.

⁷ Lillian Lewis and Sara Wilson McKay, “Seeking Policies for Cultural Democracy: Examining the Past, Present, and Future of U.S. Nonprofit Arts,” *Studies in Art Education: A Journal of Issues and Research in Art Education* 49, no. 4 (2008): 305.

while states tend to have more collective control over funds for the arts, they singly have their own agendas with regards to community art nonprofit funding and heritage preservation efforts, which do not necessarily align nationally. Additionally, the lack of consistency in support for diverse local arts by the federal government has been highly criticized; in the description of his recent book *Arts, Inc. How Greed and Neglect Have Destroyed our Cultural Rights*, former NEA chairperson Bill Ivey points to “a government unwilling to engage culture as a serious arena for public policy” as a major factor undermining our cultural heritage or what he calls “the expressive life of America.”⁸

While there has been consistent lack of funding available and therefore strained views on the necessity of the NEA, the states and the NEA have complemented one another in many ways throughout the NEA’s existence, including in regards to arts education, cultural diversity, and availability of theatre and other forms of art to underserved areas. The NEA has a national perspective while the states focus within their geographical boundaries. Nonetheless, this federal relationship has allowed the states, under their own plans, to provide more support to certain organizations that may get overlooked at the national level. At the same time, the unique state perspectives have contributed to shaping the national perspective of the NEA through state representation on NEA panels.⁹

Over the years, the NEA and the states have had productive relations as well as differences. Many state arts agencies desire a partnership relationship with the NEA

⁸ Lewis and McKay, 306.

⁹ Lawrence D. Mankin et. al, “The National Government and the Arts: Impressions from the State and Jurisdictional Arts Agencies,” *Journal of Arts Management, Law & Society* 31, no. 3 (2001): 186.

rather than a grantor-grantee relationship. Efforts have been made on both parts to find the right equation for this type of working relationship. Recent efforts on the part of the NEA to develop closer relations with the states appear to be well received, but according to some recent studies, much more can be done to bolster NEA funding to local arts jurisdictions, and form a better partnership between local and national levels. In a 2001 survey by the *Journal of Arts, Management, Law and Society* examining the views of all fifty state and jurisdictional agencies on the role of the national government in the arts in the United States, all respondents (43 responses were gathered) agreed that national government support for the arts was inadequate.¹⁰ The arts agencies were also asked to identify the single most important arts issue that the new administration and Congress would face. The largest single proportion, or 36% of the agencies, felt that the most critical issue was “funding more financial support for the arts [at the local level].”¹¹ According to the overall conclusion of the study, the continuing dialogue that is occurring among the parties in this relationship shows the potential to strengthen the voice of the arts in government, but the clear lack of funding is an issue that needs to be seriously addressed.

As the number of nonprofit organizations increases, competition grows. Combining growing competition and access to a limited amount of resources overall, the organizational failure rate increases.¹² In a 2014 study compiling samplings of data from nonprofit organizations dating back to 1965 published by the *International*

¹⁰ Mankin et. al, 189.

¹¹ Mankin et. al, 191.

¹² Bernd Helmig, Stefan Ingerfurth, and Alexander Pinz, “Success and Failure of Nonprofit Organizations: Theoretical Foundations, Empirical Evidence, and Future Research,” *International Society for Third-Sector Research* 25, no. 6 (2014): 1516.

Society for Third-Sector Research, it found that financial performance and issues were the largest (36%) overall reasons for organizational death.¹³ Additionally, a 2017 study published by the *International Journal of Arts Management* gathered data from a sample of 368 small and mid-sized performing arts organizations on what may cause arts organizations to have performance issues. The data revealed that 40% of the sample indicated a lack of resources to operate effectively, 22% revealed having negative working capital, and 27% reported having no fundraising expenses due to the lack of investment in securing funds for operations and programming.¹⁴

With the NEA at risk for elimination, this leaves the nonprofit arts sector, from schools to museums to local theatres, with much uncertainty. This will also leave students without a vital part of their education. In drawing from findings from the current body of research on arts-academic achievement, Dale Rose and Michaela Parks, in the Fall 2002 issue of *Grantmakers in the Arts*, conveyed three research questions which produced clear results related to the impact of music education on children. The questions asked include:

- “Does music instruction increase spatial skills?”
- “Is studying music associated with higher test scores?”
- “Does listening to music improve performance on spatial temporal tasks?”

The conclusion to all three questions was music does in fact improve all three based on two meta-analyses containing a total of twenty-three studies. Lois Hetland suggests that the findings are so clear that they should be used to inform instruction in

¹³ Helmig, Ingerfurth, and Pinz, 1525.

¹⁴ Neville K. Vakharia and Divya Janardhan, Knowledge-Centric Arts Organizations: Connecting Practice to Performance,” *International Journal of Arts Management* 19, no. 2 (2017): 23.

the classroom as well as leverage the information for political lobbying for more arts funding in schools.¹⁵

In another 2015 study published in the *Journal of Cultural Economics*, the impact of high school arts participation on the dropout rate was tested for a cohort of 9th graders in Texas public schools living in at-risk areas over the time frame of five years. Results of this study indicated that students facing the lowest risk of dropout in any given year over the five years, given that they have persisted through the previous year, are the students taking courses in the arts. Additionally, the study found that the risk of dropout was elevated for students without a full arts credit at every year within the five-year time period. The students in the cohort who were found to have an even lower risk overall of dropping out were those who chose to study the arts more intensely and who moved beyond the one-credit graduation requirement.¹⁶

Not only will lack of funding affect students' education, but the general population will be deprived of access to local theatre, museums, and other cultural organizations and events that are publicly funded. Data released in the most recent publication of the *Psychology of Aesthetics, Creativity, and the Arts* indicated that both children and adults who participated in acting classes or drama lessons are linked with having increased empathy and theory of mind, a type of cognitive empathy in which people are able to recognize or infer others' mental states such as emotions and desires. Arts engagement, measured as an overall score was found to be positively associated with empathy. Both arts creation and consumption have a

¹⁵ Dale Rose and Michaela Parks, "Connections Between Education in the Arts and Student Achievement," *Grantmakers in the Arts* 13, no. 3 (Fall 2002).

¹⁶ M. Kathleen Thomas, Priyanka Singh, and Kristin Klopfenstein, "Arts Education and the High School Dropout Problem," *Journal of Cultural Economics* 39, no. 4 (2015): 332.

positive correlation with participation in various social organizations, helping behaviors towards strangers, volunteering, and charitable donations. Additionally, Americans who have rich arts experiences in high school are more likely to volunteer between the ages of 20 and 26.¹⁷

The nonprofit arts sector also contributes in a large way to the economy. In a study released by U.S. Bureau of Economic Analysis, the data revealed the arts sector contributed \$763.6 billion to the U.S. economy in 2015, equivalent to 4.2% of the GDP, which constitutes more than agriculture, transportation, or warehousing. Additional findings pointed to the arts sector growing at a faster rate than the economy as whole. Between 2012, and 2015, the arts posted an average annual growth rate of 2.6 percent, slightly higher than the 2.4 percent growth of the nation's overall economy. In 2015, the United States exported nearly \$20 billion more in arts and culture than it imported. Museums alone added \$5.3 billion to the economy.¹⁸

From the data gathered, it is clear that the nonprofit arts sector must rely now more than ever on federal funding to kickstart their operations. It is not enough to rely solely on donations and program revenue when there are limitations at the beginning stages of a nonprofit's fundraising efforts. Without a rich public cultural sector, many parts of the population will be deprived of many social, educational, and economic benefits as indicated. The NEA, being viewed as a dying section of the national

¹⁷ Xiaonan Ku, Sara Konrath, and Thalia R. Goldstein, "The Relationship Among Different Types of Arts Engagement, Empathy, and Prosocial Behavior," *Psychology of Aesthetics, Creativity, and the Arts* (2019): 2-3.

¹⁸ Eileen Kinsella, "A New Study Says the Arts Contribute More to the U.S. Economy than Agriculture," *ArtNet News*, March 8, 2019.

government, must now redefine its role in contributing to arts organizations at the state level, and be given the proper share of funding it deserves to make a true impact.

III. History/Background

The proper role of the government in the arts sector was not a prominent debate in American politics until the 1960s with the creation of the National Endowment for the Arts in 1965. It was around this time that economists such as Alan Peacock and Lionel Robbins began to make the case for public funding of the arts, claiming it as a “public good,” providing externalities, or social benefits to those who consume it.¹⁹ The collective benefits of the arts were the frequent refrain of public intellectuals and policy makers of the time, and the issue began to gain traction. Prior to this, the first ever American experience with federal arts funding included the short-lived Public Works of Art Project and the Works Progress Administration’s Federal Art Project of the 1930s. These policies were characterized as unemployment relief and income support programs for artists in the context of the New Deal.²⁰

Following this, the now-defunct American National Theater and Academy (ANTA), as well as key promoters of federal arts funding during the post-WWII era such as Robert Breen and Richard Porterfield, were champions of the cause. In 1946, Utah Senator Elbert D. Thomas made a national call to action in support of arts funding after the war: “Under the test of war, the American theatre proved its universal power to move and unify...The people of the theatre, realizing the tremendous part they played in total mobilization for war, are now endeavoring

¹⁹ Shauna Sanders, “The Case for the National Endowment for the Arts: Federal Funding for the Arts in America in the 1960s and 1970s,” *History of Political Economy* 37, no. 3 (2005): 594.

²⁰ Sanders, 594.

through the National Theatre movement, to be of equal service in contributing to the national well-being, happiness, and cultural enrichment during peacetime.”²¹

Although the NEA was not formed for another 20 years beyond that, organizations such as ANTA and other advocates lobbied to turn this movement into a national policy all the way until its formation in 1965.

With the framework being laid and the start of the Cold War in 1947, ideologies began to shift. The political ideology of this era is characterized by Godfrey Hodgson as “confident to the point of complacency about the perfectibility of American society, anxious to the point of paranoia about communism.”²² The expansion of the public sector, namely to improve the “quality of life” of Americans, was Arthur Schlesinger’s proposal for the effective counterbalance of communism that would distinguish the government of the 1960s from that of the 1930s.²³ These political and economic conditions created a space in which the arts could be characterized as providing collective benefits, due to their conceptualization as a communism-fighting and great society-building good. According to Minnesota Senator Hubert Humphrey, the shift in mindset from war to peace through arts funding could usher in a new era for the United States: “The arts seldom make the headlines. We are always talking about a bigger bomb . . . I wonder if we would be willing to put as much money in the arts and the preservation of what has made mankind and civilization as we are in . . .

²¹ Charlotte Canning, “The Arts Race,” *American Theatre* 38, no. 4 (2017): 112.

²² Sanders, 596.

²³ Sanders, 597.

the lack of civilization, namely, war.”²⁴ This continued to provide a framework with which the creation and expansion of the NEA could be easily understood.

With the election of President John F. Kennedy in 1960, enthusiasm for America as a nation dedicated to the arts seemed poised to become a widespread movement. From the very first days of his presidency, Kennedy and his administration displayed a commitment to creativity, from inviting poet Robert Frost to his inauguration to recite his famed poem “The Gift Outright”, to inviting musicians and other artists to the White House to perform at special events.²⁵ With much groundwork being laid, following President Kennedy’s assassination in 1963, President Johnson continued his legacy. In August 1964, the National Council on the Arts (NCA) was established with the intent to “to maintain and increase the cultural resources of the nation and to encourage and develop greater appreciation and enjoyment of the arts by its citizens.”²⁶ During the same year, the Arts Councils of America (ACA), later known as the Associated Councils of the Arts, were established as a precursor to the National Assembly of State Arts Agencies, setting up its first office in New York.²⁷ After nearly 30 years of advocacy and groundwork, the National Endowment for the Arts and the National Endowment for the Humanities was established on September 29, 1965.²⁸

With its first appropriations bill signed October 31, 1965, the Arts Endowment started its inaugural fiscal year with only eight months remaining, a budget of \$2.5

²⁴ Mark Bauerlein and Ellen Grantham, “National Endowment for the Arts: A History 1965-2008,” *National Endowment for the Arts* 2009: 14.

²⁵ Bauerlein and Grantham, 5.

²⁶ Bauerlein and Grantham, 15.

²⁷ Bauerlein and Grantham, 17.

²⁸ Bauerlein and Grantham, 18.

million, and fewer than a dozen employees. The first NEA grant was made to the American Ballet Theatre in December in the amount of \$100,000. Other initial grants included The Martha Graham Dance Company, choreography fellowships to dancers Alvin Ailey, Merce Cunningham, and Paul Taylor, and a pilot program in New York City, Detroit, and Pittsburgh entitled Poets in the Schools.²⁹ Grants expanded across all art forms, including theater, music, literature, education, visual arts, architecture and design, and public media.

By far the most significant factor in the arts movement's origin and rapid build-up was the arrival in the 1960s of a huge generation of artists, technicians, and administrators, driven not by funding or economic gain, but rather by their own desire to produce art. The willingness of this new generation of arts workers to heavily discount its wages has been followed by various studies. Richard Harvey Brown of the University of Maryland's Survey Research Center noted that government data on various artists occupations for 1970 and 1980 revealed that the number of art workers had increased by 48%, whereas their earnings during this period had decreased by 37%. In 1980, the average income of an artist living in Massachusetts was \$13,008, of which only \$4,535 was income earned from art. No other occupation has such highly trained people who were forced to earn most of their meager incomes from outside their field.³⁰

A 1982 report by the NEA, which compared data from 1971 and 1980, confirmed that there were more arts workers with less compensation:

²⁹ Bauerlein and Grantham, 19.

³⁰ John Kreidler, "Leverage Lost: The Nonprofit Arts in the Post-Ford Era," *Journal of Arts Management, Law & Society* 26, no. 2 (1996).

- The artist labor force grew steadily from 1971 to 1980 and increased by 323,000 workers, or 46%. This is a higher rate of increase than the rate for all professional and technical workers, which was 40% in the same period.
- The most chronic artist unemployment existed among actors, with rates during the decade ranging between 31 and 48%. As many as 10,000 actors were out of work in 1979.³¹

Another report by the NEA, which examined the lives of visual artists in four major cities, provides some noteworthy insights into the economic realities of the profession:

- Most artists did not support themselves by selling their work. Median art income for the artists sampled was \$718 in 1978. Median production costs were \$1,450, approximately twice the median income. Not only did artists fail to make much money from their art, but they generally spent much more producing it than they made.
- Because artists in general did not earn enough to support themselves through art, they received the rest of their incomes from other sources, either by holding other jobs or by support from their households. Sixty percent worked at paying art-related jobs, with median income from those jobs of approximately \$5,000. Over 63% of art-related jobs were part-time, and teaching jobs accounted for 62% of them.³²

³¹ Kreidler 1996.

³² Kreidler, 1996.

As evidenced, employment in the arts was very sporadic, with most performers working for multiple employers during the year. Only about one in five worked for one employer, and it was not unusual for an artist to work for at least ten different employers at one time.

As awareness for the arts sector as a public good and the number of low-paid artists and local arts organizations grew, the NEA would argue its case each year for its appropriation bill in Congress by pointing out that each dollar of federal funding of the arts would stimulate a specific return in arts support from private sector funders. The tenure of Nancy Hanks as NEA chairman (1968-1977) brought the maturation of the components of the arts-policy triangle, as well as enhancement of presidential support for the agency and its programs.³³ During this time, NEA's support reached all 50 states and six U.S. territories. Hanks expanded the NEA's operations and career staff, while developing seed grants for major arts institutions and supporting high-profile initiatives such as the U.S. Bicentennial celebration.³⁴

Perhaps Hanks' greatest accomplishment was bringing more federal money to the arts than ever before, with the peak being \$124 million in 1978, which is equivalent to approximately \$405 million in the year 2008.³⁵ Additionally, this money served about three-quarters the size of the population in 2008. During Hanks' tenure and beyond until nearly the 1990s, the legitimacy of the NEA attracted very little attention in Congress. In fact, as also shown in Table 2, every congressional floor vote on the NEA for the entire period between its establishment in 1965 and 1988 was for its

³³ Gordon Shockley, "Political Environment and Policy Change: The National Endowment for the Arts in the 1990s," *Journal of Arts Management, Law & Society* 41, no. 4 (2011): 270.

³⁴ Bauerlein and Grantham, 51.

³⁵ Bauerlein and Grantham, 51.

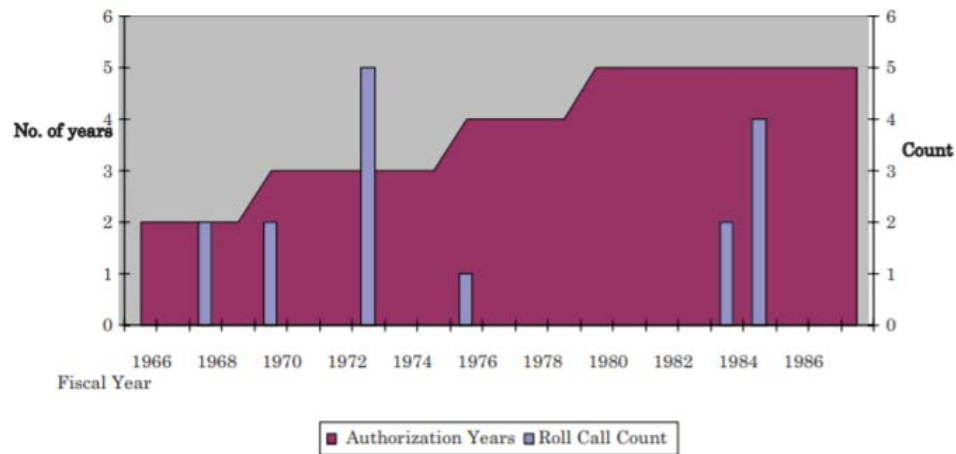
reauthorization; not a single floor vote ever questioned the legitimacy of government support for the arts, the NEA's operations, or any other substantive issue of federal arts policy, though such concerns might have been expressed in forums other than the Congress floor.³⁶

With the election of Ronald Reagan in 1981, talks of the necessity of the NEA began to become more of a topic of discussion on the Congress floor. In 1980, the NEA ranked as the single largest funder of the arts in the United States, and continued to encourage and stimulate the growth of private foundations to become involved in the arts in many cities and regions throughout the United States where there was little activity. Further, the matching requirement attached to NEA grants was responsible for stimulating large increases in private support. Nonetheless, the Reagan administration planned to eliminate the NEA when it took power in January 1981. The NEA was ultimately saved by a special task force on the arts and humanities that highlighted "the needs involved and benefits of past assistance."³⁷ The NEA began to receive fluctuations in funding, with unexpected dips or raises each year. Despite this, the NEA's influence on the arts sector remained powerful, ensuring 40% of its funding flowed directly to state and regional arts agencies. As a result, the number of SAAs reached 56 agencies by 1990, a substantial increase from the meager five that existed in 1965.

³⁶ Shockley, 272.

³⁷ Steven Lawrence, "Arts Funding at Twenty-Five: What Data and Analysis Continue to Tell Funders about the Field," *Grantmakers in the Arts* 29, no. 1 (Winter 2018): 3.

Table 2:



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Cultural subgovernment's long period of political stability and predictability of funding seemed to come to a complete stop in 1989 with a policy punctuation in the direct federal support for the arts. The NEA's policy punctuation began in 1989 and continued through the mid- to late 1990s. In 1989, the NEA was criticized for its association with two controversial instances of public funding of the arts: Andres Serrano's *Piss Christ* and the cancellation of Robert Mapplethorpe's *The Perfect Moment* exhibit at Corcoran Gallery of Art in Washington, DC. As a direct consequence of these controversies, the NEA drew the attention of political interest groups outside the arts, the general membership of Congress outside its subcommittees, as well as the general public. Additionally, certain conservative members of Congress sought to impose restrictions on the art in support of which the NEA gave grants. This brought additional criticism of the U.S. nonprofit arts sector for developing "a sense of entitlement" concerning federal support for the arts and the

³⁸ Shockley, 271.

NEA’s support of progressive and pioneering art as more aligned with the behavior of a private foundation than a democratically accountable government agency.³⁹ As a result, the NEA was caught up in the culture war that began in the late 1980s and early 1990s, and some would argue, continue today. Figure 1 illustrates the policy changes that occurred throughout the 1990s in regards to direct federal support for the arts.

Figure 1:

Selected Policy Changes to Direct Support for the Arts (1990–1996)		
1990–1991 Changes: First Order	1993–1994 Changes: Second Order	1995–1996 Changes: Third Order
<ul style="list-style-type: none"> • First order: Including knowledgeable lay persons in panel membership • First order: Limiting panel service to no more than 3 consecutive years • First order: Removing conflicts of interest in panel service • First order: Requiring all applicants to provide a project description 	<ul style="list-style-type: none"> • Second order: Eliminating subgranting • Second order: Consolidating 17 grant discipline-based categories to 14 • First order: Requiring interim reports from grantees and disbursing grant monies in installments of interest in panel service 	<ul style="list-style-type: none"> • Third order: Restructuring grant programming from 17 discipline-based grant categories to 4 thematic ones • Second order: Eliminating seasonal or general operating support • Second order: Eliminating individual fellowships, except for literature, jazz, and heritage

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From then on, a negative federal perception of the NEA opened the window for dramatically altering, restricting, or altogether eliminating the agency. As criticism became more apparent, the threat was not only felt by the NEA, but by the more than 4,500 local arts agencies it supported.⁴¹ In 1996, a Rockefeller Foundation report showed that, notwithstanding the cuts, the NEA remained the largest single financial supporter of the arts in America. Still, Jane Alexander, chairman of the NEA at the time, was forced to face the new reality of becoming more resourceful with fewer dollars. This led to the reduction of 17 discipline-based grant programs to four funding divisions, the addition of new arts panels as a new layer of review over

³⁹ Shockley, 273.

⁴⁰ Shockley, 277.

⁴¹ “Local Arts Agencies: Fact Sheet,” *National Endowment for the Arts*, 2019.

funding divisions, and the altogether elimination of individual artist grants, with the exception of Literature Fellowships.⁴²

In order to broaden the NEA's scope and maximize the resources afforded to it, Bill Ivey, succeeding chairman to Jane Alexander, began engaging program directors at the local level in the grant-making process. In his 1999 Annual Report, Ivey outlined his vision. Conforming to the requirements of Congress, he developed a strategic plan for the years 1999-2004, and named it "An Investment in America's Living Cultural Heritage."⁴³ The aim of this new strategic plan was to broaden participation and local appeal in Arts Endowment activities. Unfortunately, under Ivey's tenure, the NEA reached its lowest federal budgeted amount since its inception of \$97.6 million in 2000.⁴⁴ From 2001 to 2002, the largest increase in NEA federal funding in over 25 years occurred, with a \$10 million bump. While this was a promising increase, miniscule increases only continued from then on, and even some slashing of funding up until present day continued.

As a result of the funding cuts and unpredictability of appropriations from year to year, many organizations, such as schools, museums, and local theatres were suffering. During the 1999-2000 school year, 20% of schools offered dance and theatre classes, and 87% of schools offered visual arts classes. However, after significant budget cuts in 2008, during the 2009-2010 school year, only 3% of schools allocated funds for dance, and 4% offered visual arts classes. Since 2008, more than 80% of public schools nationwide have experienced budget cuts to arts

⁴² Bauerlein and Grantham, 119.

⁴³ Bauerlein and Grantham, 130.

⁴⁴ Baurelin and Grantham, 134.

programs.⁴⁵ Steven Seidel, director of the Arts in Education Program at the Harvard Graduate School of Education, points to the earliest reductions in the arts and cultural sector in government dating back to 1957 when the Soviet Union launched Sputnik I: “Sputnik was the wake-up call to America as a society but also to American education. Science in schools was pushed to the forefront, and the notion that we might not be up to par [with] the Soviet Union brought intense scrutiny. More funding was put toward science in education. As a society, we agree on the central role of science and technology on building a powerful nation. The arts and humanities take a back seat to math, science, and technology... [and] are seen as peripheral.”⁴⁶

Other organizations affected by these cuts include museums and local theatres. Cultural organizations in the state of Portland such as the Portland Art Museum have recently announced staff cutbacks, trimming 14 positions from the museum’s 244 full- and part-time staff, introducing the possibility of closing its doors.⁴⁷ In 2017, the state of Florida allowed \$25 million for arts projects. In 2018, it dropped to \$2.8 million—nearly 90% less.⁴⁸ The state of Colorado has been forced to eliminate funding for the Museum of Northwest Colorado, and provide the minimum funding required for its local libraries, despite petition and lobbying efforts of supporters of the organizations. Across the nation, cultural and arts organizations of all kinds are at risk.⁴⁹

⁴⁵ Jen McDonald, “Funding for Schools’ Art Programs Ending?,” *KM Perform School for Arts & Performance*, May 2016.

⁴⁶ Mary Tamer, “On the Chopping Block, Again,” *Harvard Ed Magazine*, Summer 2009.

⁴⁷ April Baer, “Portland Art Museum to Cut Staff, Illustrating Changes in Arts Funding,” *Oregon Public Broadcasting*, July 22, 2019.

⁴⁸ Andrew Meacham, “As Florida Dramatically Slashes Arts Funding, Theaters and Museums Scramble,” *Tampa Bay Times*, April 9, 2018.

⁴⁹ Stephanie Wolf, “Moffat County’s Library, Museum are on Life Support. They Could Close if They Don’t Get Budget Help,” *Colorado Public Radio News*, August 21, 2019.

At today's budgeted amount of \$155 million this puts the NEA's budget barely in line with the budget it received almost 40 years ago in 1980.⁵⁰ The NEA continues to argue its case each year for funding. State arts agencies use the same rationale in their annual appropriation processes. Over the years, many public funding agencies commissioned economic impact studies that attempted to demonstrate not only the leverage of governmental dollars on private sector contributions, but also the effects of public spending on the arts on commercial sector revenues and on the generation of sales and income tax revenues. The leverage concept continues to be advanced today by many governmental arts agencies as a primary rationale for public funding of the arts, even though much private sector and governmental arts funding was and is on a downward spiral, and threats of elimination always seemed to loom.⁵¹ The NEA and arts funding, for the last 40 years, has consistently seemed to be at risk for at least significant cuts, and at most, complete elimination. The intent of the creation of the NEA was to bring stability to the arts sector and instead, despite the great efforts and impact of the organization with the resources it has been afforded, its creation ultimately has brought a constant climate of instability and uncertainty for the future.

IV. Policy Proposal

The proposed policy involves not only including the federal budget for the National Endowment for the Arts in the coming year, but expanding the funding by 60%, or \$93 million,⁵² of the current budget within three years (fiscal year 2022).

With this in mind, the end goal is to equalize arts funding rural and low-income areas

⁵⁰ "National Endowment for the Arts Appropriations History," *National Endowment for the Arts*, 2019.

⁵¹ Kreidler, 1996.

⁵² "National Endowment for the Arts Appropriations History," *National Endowment for the Arts*, 2019.

that consist of predominantly African American and Hispanic populations with the funding that is received in predominantly white areas. Recent data reflects that African American and Hispanic students had less than half of the access to arts education than their white peers.⁵³ This is reflected in all art consumption as well between minority groups in low-income areas and predominantly white, affluent areas. Those in the low-income areas simply do not have the same access to the arts as the more affluent areas. The policy will involve the modification of Title 20 U.S. Code § 954,⁵⁴ which details the establishment of and terms surrounding the National Endowment of the Arts. The general idea behind the policy proposal involves the arts (for-profit) funding the arts (non-profit), which will be detailed in the following sections.

A. Policy Authorization Tool

As stated, the policy authorization tool will involve the modification of Title 20 U.S. Code § 954. This law states the purpose and structure of the NEA, as well as the terms and conditions required for states to be awarded grant money. The law does not mention an allotted amount or maximum dollar amount for funding the states; however, it does mention that the amount given to any state, group, or organization cannot exceed 50% of the cost of the program for which it is being used.⁵⁵ Additionally, all States must submit an application in order to be eligible for any grant funds, and the minimum required allotment for those who are chosen as a

⁵³ “Facts and Figures: Data on the Benefits and Decline of Arts Education,” *Americans for the Arts*, 2013.

⁵⁴ *United States Code*, Title 20- Education, Chapter 26- Support and Scholarship in Humanities and Arts; Museum Services, Subchapter I- National Foundation on the Arts and the Humanities, Sec. 954- National Endowment for the Arts., Last Modified Jan. 7, 2011.

⁵⁵ Title 20 *United States Code* § 954, Section e.

grantee by the NEA is \$200,000.⁵⁶ It also states that any group is eligible for assistance, so long as:

(1) No part of its net earnings inures to the benefits of any private stockholder or stockholders

(2) Donations to such group are allowable as a charitable contribution under the standards of subsection (c) of section 170 of Title 26.⁵⁷

The proposed policy attempts to modify this legislation insofar as it relates to the requirement of applying for grant money by the states. The goal is that these applications will no longer be a necessity, and that by fiscal year 2022, there will be a minimum allotment for every U.S. state for arts funding. The minimum planned allotment will be \$1.5 million per state for fiscal year 2022, and with this new plan, the amount should increase, or at least stay at the same level every year. Given that the funding goal is reached, bringing the total to \$248 million by 2022, if 80% of the allotment is given to state agencies, each agency will be given approximately \$4 million in that year alone, exceeding the conservative \$1.3 million minimum. In order to achieve this, first, the grant-making function of the NEA should be replaced by a new quasi-public agency that would be empowered to distribute the funds to grantees. The existence of this agency would relieve the NEA of the “funding controversial art” problem and would allow the NEA to be converted to the one role it can play that no other entity can, which is to represent the arts sector within the government and to represent the American people’s arts interests internationally. Because the Endowment was never properly named (there never having been an endowment), a

⁵⁶ Title 20 *United States Code* § 954, Section g.

⁵⁷ Title 20 *United States Code* § 954, Section f.

title change (suggested: Secretary of Arts, Culture, and Entertainment) would certainly be in order once the grant funds were taken away. The very discussion of the Endowment's new name and role would be energizing for the arts sector.⁵⁸

The new granting agency could be called the United States Arts Fund (or Agency, or Corporation) for Arts and Culture; it would have a separate board of directors and would be chartered by Congress for the specific purpose of the granting of funds collected by the "Arts Funding the Arts" initiative. Presumably, this agency would be staffed and structured similarly to the grants side of the NEA and most state arts councils. Disciplinary experts and peer panels would allocate the majority of the funding, and room would be left for some of the funds to be utilized on special nationwide initiatives. The current concept of a significant portion (currently 40%) of the funds to be reallocated to states as matching funds should be retained. While a federal grant-making presence in the arts is vital, the system of matching federal and state funds has worked well to grow the arts across the country and to keep almost all state arts agencies intact during various recessions and manifestations of the Culture Wars. The system has effectively leveraged far more state money for the arts than would have been allocated without it.⁵⁹

B. Policy Implementation Tool

The policy implementation tool for this proposal would include the creation of an endowment which will be managed by the granting agency, formerly named the United States Arts Fund, and funded by revenue generated from the U.S. Media and

⁵⁸ Michael Wilkerson, "Using the Arts to Pay for the Arts: A Proposed New Public Funding Model," *Journal of Arts Management, Law & Society* 42, no. 3 (July 2012): 109.

⁵⁹ Wilkerson, 109.

Entertainment industry. This endowment would be set aside strictly for state and local art agencies and would be replenished every ten years. The United States entertainment industry is the world's largest, and generating \$717 billion in 2018, it represents a third of the global Media and Entertainment industry, which includes motion pictures, television programs and commercials, streaming content, music and audio recordings, broadcasts, radio, book publishing, video games and ancillary services and products.⁶⁰ Movie ticket sales alone reached a record high in 2018 of \$11.8 billion⁶¹. In order to reach the goal of providing \$4 million to each state art agency in 2022, approximately 0.35% of revenue from the Media and Entertainment industry, or \$2.48 billion, will need to be contributed to the endowment once every ten years. This equates to a microscopic \$248 million of revenue set aside per year. An alternative option is to have the endowment funded yearly rather than every ten years, if it is deemed more effective.

This type of policy proposal is being presented due to the decline in private giving after three decades of unprecedented growth from the 1960s through the 1980s. After reaching a high of \$698 million in 1985, corporate contributions to the arts began to drop. Between 1991 and 1993, contributions averaged \$518 million annually. Yet 47% of the nation's companies with budgets of at least \$1 million right before the turn of the century supported the arts with a median gift of \$2,000. Three-quarters of spending for the arts is by small to midsize companies with annual revenue of less

⁶⁰ "Media and Entertainment Spotlight: The Media and Entertainment Industry in the United States," *United States Department of Commerce*, 2019.

⁶¹ Jeremy Fuster, "Movie Attendance Surpasses 1.3 Billion Tickets Sold in 2018," *The Wrap*, January 23, 2019.

than \$50 million, and 93% of the money goes to local arts organizations.⁶² Though it is difficult to ascertain exactly how much funding could be made available with a tax on arts and entertainment consumption, the National Arts Index considered US expenditures in those sectors as \$157.7 billion in 2009.⁶³

In terms of evaluative criteria, this policy proposal will be equitable since this endowment will encompass all movie ticket sales across the United States. It will allow larger access to arts and culture across more diverse areas, both socio-economically and culturally. In terms of efficiency, this plan would cut down on an enormous number of extra steps for state and local arts organizations; there would be less application processes, ultimately leading to less financial worries and chances of organizational death. With an allotted amount of funding, organizations can anticipate where their organization stands prior to receiving their funding. This proposal will be deemed effective if the goal can be reached by fiscal year 2022. The arts sector will have access to guaranteed funding, and the general population will continue to have access to public arts organizations such as museums and theatres.

V. Policy Analysis

Since the consistent policy and funding punctuation of the NEA in the 1980s, artists and art organizations alike have wondered whether they could reasonably hope to make a decent financial return from their artworks and other cultural services. The following section will discuss some of the pros and cons of the above stated proposal surrounding the amendment of Title 20 U.S. Code § 954 and the new endowment

⁶² Joanne Scheff and Philip Kotler, "How the Arts Can Prosper Through Strategic Collaborations," *Harvard Business Review* 74, no. 1 (Jan/Feb 1996): 55.

⁶³ Roland J. Kushner and Randy Cohen, "Measuring National-Level Cultural Capacity with the National Arts Index," *International Journal of Arts Management* 13, no. 3 (2011): 20–40.

funded by the Media and Entertainment industry endowment. To begin with one positive of the outlined plan, with access to more arts funding in schools of underserved areas, studies have shown that arts education increases the likelihood of graduating from high school, attending college, and registering to vote. A two-year study by researchers from the School of Social Policy & Practice at the University of Pennsylvania found that low-income New York City residents with more access to cultural resources experience better education, security, and health outcomes. That includes a 14% decrease in cases of child abuse and neglect, an 18% decrease in the serious crime rate and a 18% increase in the number of students scoring at the highest level on standardized math and English tests compared to low-income communities with fewer cultural resources.⁶⁴

Increased arts funding at the local level will lead to more opportunity to create bustling cultural districts within smaller towns and urban areas that often receive less funding. For example, in the Phillips neighborhood of Minneapolis, home to one of the nation's largest urban concentrations of Native Americans, local leaders, residents, and artists seized the opportunity of light rail development to create the American Indian Cultural Corridor. The strategy builds on the assets of a neighborhood that is home to Native-owned businesses, services, and galleries, to anchor a community destination, generate wealth, and celebrate Native identity. In San Francisco, public utility leaders are leveraging a \$1.2 billion rebuilding of the main waste water treatment plant to renovate a cultural center, support the arts, and strengthen the economy in the surrounding neighborhood for the historic African

⁶⁴ Paulette Parker, "Access to Arts and Culture May Improve Outcomes in Low-Income Communities," *State of Opportunity*, April 7, 2017.

American community struggling with poverty and the threat of gentrification. Finally, in East Harlem, New York, community activists, equity advocates, and philanthropy converted an abandoned public school into an affordable live-work space for low-income artists of color. Today the building is a cultural hub and a bulwark against displacement in a historic Puerto Rican neighborhood.⁶⁵ These were all made possible by local arts funding.

Other positive side effects would quickly become visible from the establishment of this proposal. The very act of creating and building the new funding agency will engage and involve new populations, and continue to bring arts education to underserved communities. The positive benefits of arts education in underserved communities has been proven vastly important and beneficial. In work examining more than 11,000 articles and bodies of research, Winner and Hetland found that in certain areas of academic achievement, it is possible to point to a causal link based on the research. The researchers determined three areas showing clear links to academic outcomes. They found a temporary causal relationship between listening to music and spatial-temporal reasoning, a relationship between learning to play music and spatial reasoning, and determined that a link existed between classroom drama and verbal skills.⁶⁶ In a study specifically aimed at discerning an effective focus on closing the achievement gap, Respress and Lutfi examined whether participation in an arts program would show statistically significant results in a group of academically low performing African American youth who had a history of violent behavior. The

⁶⁵ Kalima Rose, Milly Hawk Daniel, and Jeremy Liu, "Creating Change Through Arts, Culture, and Equitable Development: A Policy Primer," *Policy Link* (2017): 4.

⁶⁶ Charles L. Carney et. al, "Arts Infusion and Literacy Achievement Within Underserved Communities: A Matter of Equity," *Arts Education Policy Review* 117, no. 4 (2016): 231.

researchers determined that not only did participation in violent behavior decline, spelling improved by one grade level in nearly two thirds of the group and the overall grade point average climbed .5 among the participants.⁶⁷ These results reflect Gullatt's ideas about students using reasoning skills. The researchers conclude that more schools and parents should encourage student participation in the arts to ensure better "whole brain learning." This might be a great opportunity for involving the emerging generation of young arts leaders. It would enable the field to reflect on how it defines its categories, disciplines, and definitions.

Similarly, an arts program in Dallas replaced so-called "drive-by arts" programs—most involving field trips for activities free to schools—with concerted integration in the curriculum and students showed significant gains. After integrating arts into the curriculum for 3 years, fourth, fifth, and sixth graders achieved much better achievement in writing. Instructors determined that students were better able to use ideas, organize thoughts, find a writing "voice," and use a wider range of words. According to the grading scale used for the study, fourth graders who scored on average 2.39 for their use of ideas in writing assignments improved to an average of 3.06 after participating in the arts activities.⁶⁸

This policy has the potential to leverage an increase in private donations to the arts sector. On the other hand, the common fear is that gaining a substantial amount of funding from the government will lead to the prominent "crowding out" effect that exists when increases in government support lead to decreases in private donations.

The goal is that private donations will no longer be seen as a necessity, but rather an

⁶⁷ Carney, 232.

⁶⁸ Carney, 232.

added source of revenue for arts organizations, but there exists an assumption that individuals as well as private institutional donors will shift their philanthropic giving away from organizations that are beginning to receive substantial amounts of government support. An unintended consequence of this could be the perception by private donors that government money taints the character and independence of the nonprofit sector from the for-profit sector.⁶⁹ While the assumption is that individuals will shift philanthropic giving, it is also not the intent to discourage individual and private giving, but rather for it to become less of a necessity for nonprofit arts organizations.

An example of where this type of policy plan might be applicable to a comparison is in Canada, where in 2009, the governments of Ontario and British Columbia embraced a tax shift that no other province had attempted in over a decade: the harmonization of their provincial sales taxes with the federal goods and services tax, otherwise known as the harmonized sales tax (HST).⁷⁰ Initially, this tax reform proved deeply unpopular. The new tax law included taxes on a plethora of consumer purchases, including ones mentioned in the prior section, such as movie tickets, CDs and DVDs, and tickets to live theatre, all at a flat rate of 5%. Today, the rate stands at 13% in Ontario.⁷¹ Figure 2 shows some of the sports and entertainment purchases that are taxable under this law currently in Ontario. The Ontario government argued that the dual tax system prior to the HST would put Ontario businesses at a competitive

⁶⁹ Stefan Toepler, "Culture, Commerce, and Civil Society: Rethinking Support for the Arts," *Administration & Society* 33, no. 5 (2001): 513.

⁷⁰ George Malcolm Abbott, "The Precarious Politics of Shifting Direction: The Introduction of a Harmonized Sales Tax in British Columbia and Ontario," *BC Studies* 1, no. 186 (Summer 2015): 125.

⁷¹ "What's Taxable Off-Reserve Under the HST and What's Not," *Ontario Ministry of Finance*, 2018.

disadvantage and implementation of a single sales tax would bring the province into line with the most efficient form of sales taxation around the world. The tax reform created jobs and positioned the Ontario economy for future growth as the province emerged from an economic downturn. The single sales tax also reduced paperwork costs for businesses by more than \$500 million a year. The 2009 Ontario budget provided \$10.6 billion over three years in personal income tax relief to help consumers through the transition to the single sales tax. This included personal Ontario income tax cuts and direct payments or rebates. It also provided \$4.5 billion in business tax relief over three years, including reducing the corporate income tax rate to 10% over three years, cutting the small business tax rate and exempting more small and medium-sized businesses from corporate minimum tax.⁷²

Figure 2:

Memberships, entertainment and sports equipment

	HST Taxable	Tax Status for First Nations
Admissions to professional sporting events	13%	13%
Movie tickets	13%	13%
Tickets for live theatre ¹⁵	13%	13%
Music lessons	No HST	No HST
Ballet, karate, trampoline, hockey, soccer lessons, etc. ¹⁶	13%	13%
Skis and snowboards	13%	5%
Hockey equipment	13%	5%
Golf clubs	13%	5%
Green fees for golf	13%	13%
Gym and athletic membership fees	13%	13%

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Special taxing districts and consumption-based taxes have emerged to support scientific, arts, and cultural organizations in metropolitan areas of several states in the

⁷² Susan Monroe, "Ontario Harmonized Sales Tax (HST)," *ThoughtCo*, June 14, 2018.

⁷³ "What's Taxable Off-Reserve Under the HST and What's Not," *Ontario Ministry of Finance*, 2018.

U.S., including California, Colorado, and Illinois. One specific case exists in Colorado with the creation of the Scientific and Cultural Facilities District (SCFD) in 1987.⁷⁴ The districts require legislative authorization and voter approval, and most legislation is written with a sunset stipulation stating that the special taxing district has to be renewed periodically. A variety of advantages and disadvantages accompany the use of this type of taxing districts to fund arts and culture. The districts are seen to provide a stable funding source, are able to generate a considerable amount of revenue, spread costs among regional users, provide a long-term revenue source, are politically insulated, and are generally popular.

With that, disadvantages are that the district authorization, reauthorization, and approval may require expensive campaigns, the distribution mechanism may create conflict among recipient organizations, the funding source may be viewed as regressive, and, despite tremendous public participation in the administration of the arts, the public may feel disconnected from the administration of the arts funding. The SCFD has been successful in generating substantial funds. Between 1990 and 2000, SCFD revenues have increased in real 1999 terms from \$20,584,854 to \$34,246,793. In per capita terms, SCFD revenues have increased from \$11.14 to \$14.58. There is evidence that the SCFD has influenced the growth of 56 scientific, arts, and cultural organizations by providing funding to increasingly more organizations. The number of organizations increased from 145 to 263 from 1990 to 2000.⁷⁵

⁷⁴ Christine R. Martell, "Dedicated Funding for Arts, Culture, and Science," *Public Finance and Management* 4, no. 1 (2004): 53-54.

⁷⁵ Martell, 55.

Using a special funding agency or district to fund the arts and culture may also have some unintended consequences. First, because of the substitution effect and the elimination of the Colorado Council on the Arts' (CCA) Programs, the CCA can no longer fund either organizations or individual artists residing in the Denver metropolitan area. Since the SCFD does not support individual artists, the elimination of the CCA line item represents a lost funding source for individuals. Second, the line-item elimination severely handicaps Denver-based organizations that serve statewide interests. As the SCFD funds only organizations that serve the metropolitan area, CCA funding was the only source of public support for organizations that serve outside of the metropolitan area.⁷⁶

As mentioned in the prior section, setting aside just 0.35% of Media and Entertainment industry revenue would generate \$2.48 billion over the span of ten years, which would create a \$4 million a year budget for all 50 state art agencies, and if revenues grow, the endowment grows. If the proposal is put into effect within three years of its submission, this number could magnify the current funds allotted to the endowment. At the current growth rate of the Media and Entertainment industry, it is entirely possible for it to reach revenues of over \$1 trillion by 2028. If the rate of 0.35% remains the same throughout the years and is set aside in 2033 (ten years after the intended inaugural year), states could be receiving at minimum \$5.6 million a year in funding. The idea behind this endowment is that this would not be necessary long-term, nor would it be around for decades to come. The premise is to create

⁷⁶ Martell, 57.

momentum and a more prosperous sector out of the nonprofit arts, and create a sector that does not have to rely long-term on the funds from the endowment to prosper.

VI. Political Analysis

To begin this section, it is pertinent to identify the key stakeholders on this political issue. The main stakeholders that will be affected by this decision include the National Endowment for the Arts, the Media and Entertainment industry, and the general public, specifically those in rural or low-income areas, who are already at a disadvantage having less funding available and less direct access to public art.

One of the political costs of losing the NEA includes the loss of many public forms of art that many are unaware exist at no cost to them, including free programs at neighborhood libraries, a summer concert at a public park, a movie showing at a local town film festival, a book from the Library of America series, a high school or college humanities course, or even the *Sesame Street* television series.⁷⁷ Not only are these programs beneficial to communities and private citizens; they also often result in huge financial benefits for states. For example, it was with a grant from the National Endowment for the Arts that Robert Redford launched the Sundance Institute for independent filmmakers in 1981. Over the past 36 years, the institute and its associated film festival have generated millions of dollars in revenue for hotels, restaurants, and other businesses in Utah.⁷⁸

The investments made in local nonprofit arts and culture organizations provide tremendous support to other sectors of the local economy. Arts and culture organizations leverage additional event-related spending by their audiences that

⁷⁷ Laila Lalami, "Save the Arts, Save America," *The Nation* 304, no. 13 (2017): 11.

⁷⁸ Lalami, 12.

pumps revenue into the local economy. Any time that money changes hands, there is a measurable economic impact. Americans for the Arts' latest report, *Arts & Economic Prosperity IV*, studied the economic impact of nonprofit arts and culture organizations in communities across the United States, representing all 50 states and the District of Columbia. Survey data was collected from 9,721 organizations and 151,802 of their event attendees. According to the study, the nonprofit arts and culture industry generated \$135.2 billion dollars of economic activity—\$61.1 billion in spending by nonprofit arts and culture organizations, plus an additional \$74.1 billion in spending by their audiences, resulting in \$22.3 billion in revenue to local, state, and federal governments. This is a yield well beyond their collective \$4 billion in arts appropriations. It is estimated that 25 to 30% of this pie is local governments' appropriations. What makes the economic impact of arts and culture organizations unique is that, unlike many other industries, they induce large amounts of event-related spending by their audiences. Local merchants reap the benefits of a city's investment in the arts. In fact, the typical arts attendee spends \$24.60 per person, per event, beyond the cost of admission on meals, local ground transportation, shopping and souvenirs, overnight lodging, and even babysitting.⁷⁹

Arts organizations fundamentally support locally based businesses. They operate as small businesses, employ people locally, and purchase goods, which can be grown locally. To provide an example of a case where a local nonprofit arts organization has positively impacted the economy, consider the street on which the Louisville Slugger Factory and Museum are located in Louisville, Kentucky. Going back 20 years, that

⁷⁹ Robert Lynch, "Economic Revitalization," *Public Management* 95, no. 2 (March 2013): 17.

street was composed of empty storefronts and rundown businesses and contributed little to the city's tax base. Then a small arts theater decided to open its doors on Main Street, followed by a coffee shop, followed by a restaurant and some art galleries. Louisville Slugger moved from across the river to Main Street, and it now serves as an anchor for what is known as "Gallery Row."⁸⁰ Currently, Gallery Row generates hundreds of thousands of dollars in tax revenues for the city, and it all started with the opening of a small local theatre. This story has repeated itself countless times across the country. Businesses, especially those in the service arena, are drawn to neighborhoods where the arts are happening. Local government managers are aware that the arts and culture are great stepping stone for economic revitalization.

In the case of arts education, best put, as indicated in the Policy Analysis section, some research indicates that arts education as a part of the curriculum may work to close the achievement gap through improving the nature and complexity of students' thinking. Burton et al. put it this way: the arts promote positive outcomes for students in their ownership of learning; the originality, creativity, focus, and fluency of their thoughts; as well as improving imagination, risk taking, and persistence on task. All of these skills are ones that policymakers and education leaders consistently note students in the United States must improve upon to compete in the global marketplace of the 21st century.⁸¹

Public funding for the arts and humanities is a popular target typically for conservative politicians. Laurence Jarvik, a scholar at the right-winged Heritage Foundation, a conservative think tank based in Washington, D.C., published an article

⁸⁰ Lynch, 18.

⁸¹ Carney, 232.

in 1997 listing ten reasons to eliminate the NEA. His first reason claims that the arts will have enough support without its existence. According to Jarvik, the arts were flowering before the NEA came into being in 1965. Indeed, the Endowment was created partly because of the tremendous popular appeal of the arts at the time. Alvin Toffler's *The Culture Consumers*, published in 1964, surveyed the booming audience for art in the United States, a side benefit of a growing economy and low inflation. Toffler's book recalls the arts prior to the creation of the NEA—the era of the great Georges Balanchine and Agnes de Mille ballets, for example, when 26 million viewers would turn to CBS broadcasts of Leonard Bernstein and the New York Philharmonic. As Jarvik states, nearly all of the major orchestras in the United States existed before 1965, and will continue to exist after NEA subsidies are ended.⁸²

In spite of the vast amount of works created by American artists prior to 1965, partisans of the NEA claim that the arts in the United States would face almost certain demise should the Endowment be abolished. Yet Endowment funding is a smaller amount compared to giving to the arts by private citizens. For example, in 1996, the Metropolitan Opera of New York received \$390,000 from the Endowment, a federal subsidy that totals only 0.29% of the Opera's annual income of \$133 million—and amounts to less than the ticket revenue for a single sold-out performance. The growth of private-sector charitable giving in recent years has rendered NEA funding relatively insignificant to the arts community. Overall giving to the arts last year totaled almost \$10 billion—up from \$6.5 billion in 1991—dwarfing the NEA's federal subsidy. This 40% increase in private giving occurred during the same period

⁸² Laurence Jarvik, "Ten Good Reasons to Eliminate Funding for the National Endowment for the Arts," *Heritage Foundation*, April 20, 1997.

that the NEA budget was reduced by 40% from approximately \$170 million to \$99.5 million. As conservatives predicted, cutting the federal NEA subsidy coincided with increased private support for the arts and culture.⁸³

Despite 40% of funding going to smaller organizations, the NEA has always favored the most venerable cultural establishments over the obscure, the scandalous, and the avant-garde. A survey of funding patterns in 1985, 1990, and 1995 clearly reveals this preference. The Metropolitan Opera in New York City has been the single largest recipient of NEA funds, with annual grants between \$800,000 and \$900,000. Using conservative estimates, if the NEA were to be cut, its annual \$875,000 dependency could be made up by raising the price of tickets, which already cost \$125 and up, by \$1.50. For the Philadelphia Orchestra, Pittsburgh Symphony, and other great American orchestras, a hike in ticket prices of less than \$2 would replace any shortfall in NEA funds. The Boston Symphony Orchestra received only \$300,000 of its \$47 million operating budget from the NEA in 1996—less than 1% of the total, or 40 cents per ticket sold that year for BSO, Boston Pops, and Tanglewood Festival concerts.⁸⁴ In Great Britain, economist David Sawers's comparative study of subsidized and unsubsidized performing arts concluded that major cultural venues would continue to thrive were government subsidies to be eliminated. According to Sawers's calculation, 80% of all London theater box office receipts, including ballet and opera, went to unsubsidized theater. (Britain's renowned Glyndebourne opera, for example, relies entirely on private funding.)⁸⁵

⁸³ Jarvik, 1997.

⁸⁴ William Craig Rice, "I Hear America Singing: The Arts Will Flower without the NEA," *Policy Review*, no. 87 (1997): 37-45.

⁸⁵ Jarvik, 1997.

As mentioned in the Policy Analysis section, another topic that is defended fervently by those in opposition to the NEA is the “crowding out” effect that can exist when government support may tend to discourage private giving. NEA officials have asserted frequently that by persuading donors who would otherwise not give, NEA support can offer a financial “leverage” of up to ten times the amount of a federal grant award, which has been the case in a few instances; however, there is not enough significant evidence to support this claim. The only available study of “matching grants”—those designed specifically to stimulate giving—concluded that matching grants did not increase total giving to the arts. Instead, “matching grants” appear to shift existing money around from one recipient to another, “thereby reducing the private resources available to other arts organizations in a specific community.” Indeed, a study by the Association of American Cultures (AAC) revealed that private funders found major museum exhibits, opera, ballet, symphony orchestras, and public television to be “attractive” for donors without an official government stamp.⁸⁶

In terms of voter support, in a 2015 survey, when asked about increasing federal government grants to arts organizations from a per capita rate of 45 cents up to \$1—effectively doubling the NEA budget—more than half of Americans supported the move (55%).⁸⁷ Likely voters are significantly more likely to support this increase than unlikely voters (58% vs 33%). Additionally, three times as many Americans approve of their state and local governments awarding grants to artists and arts

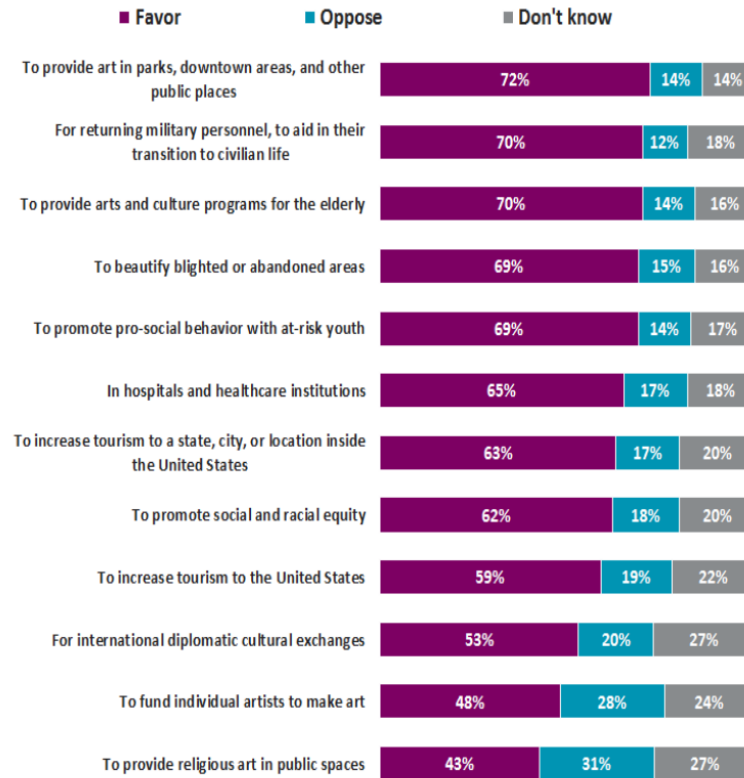
⁸⁶ Jarvik, 1997.

⁸⁷ Randy I. Cohen, “Americans Support Increases in Government Arts Funding,” *Americans for the Arts*, March 5, 2016.

organizations than disapprove: local government shows 58% vs. 14% and state government shows 57% vs. 16%. When presented with specific types of arts funding opportunities, public support skyrockets. Respondents are especially likely to favor government arts funding for art in parks and public spaces (72%), to aid returning military personnel in their transition to civilian life, and to create programs for the elderly (70%). Sixty-nine percent favor using the arts to beautify blighted areas, and to promote pro-social behavior with at-risk youth. This study sends a positive message from the public to their elected officials: “We will support you at the polls when you fund the arts.” All else being equal, American’s who were likely to vote in the 2016 presidential election were most likely to vote in favor (37%) than to vote against (16%) a candidate who wanted to increase federal spending on the arts to \$1 per capita. Millennials are especially likely to vote in favor of this increase—48% vs. 13% who oppose it. In summary, by a margin of 2:1, Americans approve of government arts funding. Figure 3 shows the poll results to the question: “Do you favor or oppose the government funding the arts for the following purposes?”⁸⁸

Figure 3

⁸⁸ Cohen, 2016.



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In a 1995 article published in *American Theatre*, it described at length the issue at hand on the Congress floor during that time: weighing the political pros and cons of the NEA. The author, Barbara Janowitz, was able to obtain direct excerpts of the positions of political leaders of the time. The following are direct quotes from both political leaders, as well as arts leaders, activists and journalists of the time:

"The NEA has become a plaything... It's art patronage for an elite group, and it is funding for avant-garde people who are explicitly not accepted by most of the taxpayers who are coerced into paying for it." –Rep. Newt Gingrich, (R-GA)

"If Congress doesn't want to subsidize the arts the way it subsidizes farmers, that's understandable. The disaster here is not the money, although the money will be

⁸⁹ Cohen, 2016.

missed. The disaster is the disrespect—this belief that the arts are dispensable, that they're not critical to a culture's existence."—Twyla Thorp, prominent choreographer

"The NEA should be given a fresh mandate, to continue to make grants—but only to qualified symphony orchestras, ballet and opera companies, and museums to help pay the cost of bringing to the public acknowledged classics in art created 50 or more years ago. That test of longevity does not demean artistic work created yesterday, but acknowledges that the passage of time has also the critical effect of seasoned validation. The very word patrimony suggests the passage to the present generation of gifts devised by a preceding generation." —William F. Buckley Jr., conservative columnist

"Even as we tighten our belts and make our reforms, we are encountering some people who say that the federal government has no legitimate role in support of art... The reason for a National Endowment for the Arts is that government believes that creativity, imagination and inquiry are essential to a strong and free society. Some argue that the private sector would replace lost funds. In fact, corporate support for the arts has been in decline this past decade. Many high-quality arts organizations, despite the fact of greater levels of earned income, are running deficits. They work tirelessly at fundraising, exploring every possible option. Taking away the federal "seed" money will not encourage private funding to grow, but just the opposite as private funders seek to address even broader social needs. —Jane Alexander, NEA Chairman 1993-1997⁹⁰

⁹⁰ Barbara Janowitz, "Congress Hears NEA Pros and Cons," *American Theatre* 12, no. 3 (March 1995): 54.

In summary, many of the views expressed above are still relevant today.

Conservative-leaning leaders tend to side with cutting the NEA or at least keeping it the same, and liberal-leaning leaders side with not only saving the NEA, but growing it. As presented above, the consensus among U.S. voters is overwhelmingly in support of public arts funding. As presented, there are several pros and cons to the outlined policy, both in terms of how effective it will be as, well as its political impact.

VII. Recommendation

Based on the analyses presented in prior sections, it is recommended to take the next steps provided in the outlined proposal. Based on the cost-benefit analysis weighing the pros and cons, the outlined proposal would bring guaranteed federal funding to the National Endowment for the Arts, and would cost the for-profit Media and Entertainment Industry a miniscule amount of its revenue every ten years. It would continue to bring art to low-income and rural communities, in both classrooms, as well as within the local economy through museums, theatres, and cultural centers. The art services offered go beyond Democrat or Republican; they are not a luxury, rather an essential aspect of life. On the side of those who support the NEA, with the miniscule number that is already being received, cutting its budget will do little to balance the current budget, all while severely affecting states that depend on these agencies to fund cultural or educational programs.

CURRICULUM VITAE

Anne Chimienti

WORK EXPERIENCE

Double Good, LLC (Popcorn Manufacturing Company)

Burr Ridge, IL

Staff Accountant

October 2018-present

- Manage Accounts Payable process, which consists of processing around 1,200 invoices a month, compiling a weekly and monthly aging report, and processing weekly vendor payments
- Manage Accounts Receivable process, which consists of applying approximately 200 payments a week and keeping a log of all cash activity
- Manage bi-weekly Payroll Processing for 80 employees via Rippling Payroll Software
- Oversee all corporate credit card spend throughout entire company, enforcing spend policies and keeping detailed record of all transactions
- Monitor daily bank activity and oversee all cash flow
- Assist in month-end processes, including all accounts payable activity, journal entries, and balance sheet reconciliations

Chicago Senior Care, LLC (Retirement & Health Care Facility)

Accounts Payable Assistant

February 2013- September 2018

- Oversee all processing, handling, and depositing of cash on hand equating to over \$3M a month
- Manage Accounts Payable process, which consists of processing around 1,000 invoices per month and resolving all disputed invoices with vendors
- Manage Accounts Receivable process, which consists of monthly billing for over 200 residents
- Lead billing meetings with residents to explain line by line detail of expenses on monthly basis
- Develop monthly/yearly automated operating expense reports for six different departments
- Control all confidential vendor documents including W-9 forms and contracts
- Drove initiative to become paperless by moving accounting documentation to electronic, saving around \$2,000 annually

Compliance Officer

November 2017-September 2018

- Updated 300 vendor contracts and licenses, bringing all compliance records since 2014 up to date
- Ensure vendors are compliant with company's code of conduct by having each sign an acknowledgement, requiring direct contact with all vendors on a consistent basis
- Delivered presentation to The Clare leadership and residents, illustrating progress made to create a safe operating and living environment

- Administer compliance regulations to new employees at monthly training sessions

Sav-Rx Prescription Services (Pharmaceutical Prescription Services) Oak Forest, IL
Pharmacy Technician June 2008- January 2013

- Mitigated customer disputes about prescription orders
- Assembled and distributed between 4,000 to 5,000 prescription deliveries per day
- Entered approximately 500 prescriptions a day into the Pharmacist database in order to be fulfilled

EDUCATION

Master of Arts in Public Management Fall 2019
 Johns Hopkins University, Kreiger School of Arts & Sciences Chicago, IL

Bachelor of Business Administration (Accounting) May 2015
 Loyola University Chicago, Quinlan School of Business Chicago, IL
 Magna Cum Laude & Dean's List CPA Eligible

PROFESSIONAL SKILLS

- Technical: Expert in Word, Excel, PowerPoint, Oracle, Rippling/Paylocity Payroll Software and Vision Medical Billing software, PLEX Accounting Software